



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OCT 23 2003

VIA FAX (580-326-9187) & FIRST CLASS MAIL

Vester Songer, Esquire
202 North Second Street
PO Box 696
Hugo, Oklahoma 74743

RE: MUR 4818
James E. Lane

Dear Mr. Songer:

On October 9, 2003, the Federal Election Commission found that there is reason to believe your client knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(a)(1)(A), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation, and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

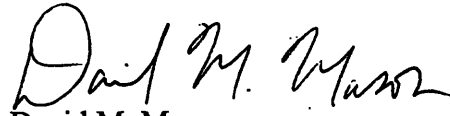
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Margaret J. Toalson, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,


David M. Mason
Commissioner

Enclosures:

Factual and Legal Analysis
Procedures
Conciliation Agreement

24 "04" 43 "1295

1 **FEDERAL ELECTION COMMISSION**
2 **FACTUAL AND LEGAL ANALYSIS**
3
4

5 **RESPONDENT:**

6 James E. Lane)
7)

MUR 4818

8 **I. GENERATION OF MATTER**

9 This matter was generated based on information ascertained by the Federal Election
10 Commission (the "Commission") in the normal course of carrying out its supervisory
11 responsibilities. See 2 U.S.C. § 437g(a)(2).

12 **II. FACTUAL AND LEGAL ANALYSIS**¹

13 **A. Law**

14 The Federal Election Campaign Act of 1971, as amended, makes it unlawful for any
15 person to make contributions to any candidate and his authorized political committee regarding
16 any election for Federal office, which, in the aggregate, exceeds \$1,000 per election. 2 U.S.C.
17 §§ 441a(a)(1)(A); 431(8)(A). A "contribution" includes any direct or indirect payment,
18 distribution, loan, advance, deposit or gift of money, or any services, or anything of value to any
19 candidate or campaign committee, in connection with a Federal election. 2 U.S.C. § 431(8)(A).

20 The Act also prohibits any candidate or political committee or agent thereof from
21 knowingly accepting any contribution or making any expenditure in violation of the provisions of
22 2 U.S.C. § 441a. 2 U.S.C. § 441a(f). It is also unlawful for any person to make a contribution in
23 the name of another, or for any person to knowingly permit his or her name to be used to make

¹ The activity in this case is governed by the Act and the regulations in effect during the pertinent time period, which precedes amendments to the regulations made by the Bipartisan Campaign Reform Act of 2002 ("BCRA").

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1 such a contribution. 2 U.S.C. § 441f. Moreover, no person may knowingly help or assist any
2 person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(1)(iii).

3 **B. Facts & Analysis**

4 Walter L. Roberts was a candidate for Oklahoma's Third Congressional District for the
5 U.S. House of Representatives in 1998. The primary election for the Democratic nomination to
6 represent Oklahoma's Third Congressional District occurred on August 25, 1998. Roberts also
7 owned an auction company. Walt Roberts for Congress (the "Committee") was the political
8 committee within the meaning of 2 U.S.C. § 431(4) for Roberts' campaign.

9 Gene Stipe was the founder of the Stipe Law Firm where he was a senior partner until
10 2003. Mr. Stipe was also an Oklahoma State Senator representing a portion of Southeastern
11 Oklahoma, and a political mentor and friend to Roberts. Mr. Stipe was involved in running
12 Roberts' campaign, from making strategic decisions to hiring and firing of staff.

13 James E. Lane is the former majority leader of the Oklahoma state senate and is a friend
14 of Stipe and Roberts. Lane was an advisor to Roberts during the campaign.

15 In March 1998, Stipe spoke with Lane and Roberts and they decided that the Committee
16 needed an additional \$20,000 so that it could obtain matching funds from the Democratic
17 Congressional Campaign Committee. Lane agreed to participate in a scheme with Stipe and
18 Roberts to funnel Stipe's money into Roberts' campaign. Lane then took a series of steps that
19 would give the appearance of a legitimate transaction – the sale of a cargo trailer owned by
20 Roberts – when in fact it was a series of steps to contribute Stipe's money to the Committee.

21 On March 29, 1998, Lane wrote a check to Roberts' Auction Company for \$20,500
22 allegedly for the trailer. Lane knew that he would later be reimbursed by Stipe for \$20,000 and
23 so he added \$500 to the amount he gave to Roberts to cover up the transaction. Roberts' Auction

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1 Company then wrote the Committee a check for \$20,500, which the Committee then deposited
2 on April 9, 1998, and reported as a candidate loan. Meanwhile, Stipe, through Charlene Spears,
3 had already given Lane a money order for \$20,000 to cover the bogus sale, which Lane deposited
4 on April 6, 1998. Lane never took possession of the trailer.

5 In May through July, 1998, Spears also gave Lane four checks payable to Lane or "cash"
6 from Stipe's bank account totaling approximately \$24,000. Spears instructed Lane to use this
7 money to pay for campaign expenses of Walt Roberts for Congress. In May through July, 1998,
8 Lane used these approximately \$24,000 worth of checks to pay for campaign expenses of Walt
9 Roberts for Congress.

10 In September 1998, Spears gave Lane five additional checks payable to Lane or "cash"
11 from Stipe's bank, this time totaling \$22,980. Lane received a check \$3,500 dated September 1,
12 1998, a check for \$2,490 dated September 3, 1998, a check for \$2,490 dated September 3, 1998,
13 a check for \$9,500 dated September 9, 1998, and a check for \$5,000 dated October 12, 1998.
14 Spears again instructed Lane to use this money to pay for campaign expenses of Walt Roberts for
15 Congress, which Lane did in September and October, 1998.

16 Walt Roberts for Congress never reported either Lane's \$24,000 or Lane's \$22,980 in
17 contributions made to pay campaign expenses as coming from Stipe or Lane.

18 On March 11, 2003, Lane was charged with conspiracy to cause the submission of
19 material false statements to the Commission, in violation of 18 U.S.C. § 371. On March 28,
20 2003, Lane pleaded guilty to conspiracy to cause the submission of false statements, a felony
21 violation of 18 U.S.C. § 371. In Lane's criminal plea documents, he admitted that he made the
22 contribution of \$20,500 to the Committee and that he knowingly acted to cover up the true nature

1 of the contribution. Lane also admitted in plea documents that he knowingly received \$46,980
2 from Spears to make contributions to and pay expenses for the Committee.

3 **III. CONCLUSION**

4 Accordingly, there is reason to believe that James E. Lane knowingly and willfully
5 violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

24-04-403-1299